Prince Edward Island
Liquor Control Commission

Charlottetown,
Prince Edward Island
Canada

85-3334/

PROVINCE OF

PRINCE EDWARD ISLAND

THIRTY-SIXTH

ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31ST

1984

LIQUOR

CONTROL COMMISSION

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The Honourable George McMahon, Q.C.,

Minister,

Department of Justice, and Attorney-General,

Province of Prince Edward Island,

Charlottetown, P.E.I.

Sir:

I have the honor to submit the thirty-sixth Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1st, 1983 to March 31st, 1984.

Respectfully submitted,

A. B. WOOD

Chairman

GENERAL REMARKS

The Commission is presently operating thirteen (13) retail outlets, of which eleven (11) are self-service in design and two (2) conventional. In addition, the Commission operates a central warehouse and Licensee Distribution Centre located in Parkdale, on the outskirts of Charlottetown.

The Listing Committee, in an effort to anticipate and respond to rapidly changing market conditions, and consumer requirements, have been active in securing products that provide our consumer with a well balanced list of products.

For the first time, "Beaujolais Nouveau" was presented to enthusiastic Prince Edward Islanders. This young, fresh wine from the Beaujolais region of France proved to be very successful as over 600 bottles were sold in the first two weeks.

The financial statement for 1983-84 fiscal year, ending March 31st, 1984 shows sales of forty-one million, three hundred and three thousand, two hundred and fifty-eight dollars. This is an increase of 6.2 per cent over 1982-83 fiscal year. Net profit for the year, plus health and sales taxes totalled eighteen million, four hundred and sixty-one thousand, nine hundred and thirty-two dollars. This represents an increase of 6 per cent over 1982-83 fiscal year.

Cost of goods sold and administrative expenses amounted to twenty-three million, thirty-nine thousand, seven hundred and eighty-two dollars for the fiscal year 1983-84, an increase of 6.3 per cent over 1982-83.

During the year under review, licensees generally operated their establishments conscientiously and discharged their responsibilities to the public in a satisfactory manner.

The Inspection Department is scheduled to continue the present format, and high level of surveillance in licensed premises and continue to make available to all licensed premises, consultation and expertise found within the Inspection Department.

There were twenty (20) new licenses issued during this fiscal year, while six (6) licenses were voluntarily surrendered.

The Commission acknowledges the valuable assistance of the Royal Canadian Mounted Police, Charlottetown Police Department, Summerside Police Department and all other law enforcement agencies throughout the Province, other Government Departments and last, but not least, Liquor Commission employees for their dedication and contribution to the efficient operation of the Commission during the year.

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

ANALYSIS OF SALES BY RETAIL STORES

(For the year ended March 31, 1984)

	NET SALES		
	Year Ended March 31, 1984	Year Ended March 31, 1983	Increase or (Decrease)
ALBERTON	978,927.80	956,968.71	21,959.09
BORDEN	885,746.51	853,240.29	32,506.22
CARDIGAN	3,022,019.30	2,842,294.48	179,724.82
CHARLOTTETOWN - QUEEN ST.	2,917,829.12	2,836,282.71	81,546.41
KENSINGTON	933,517.38	886,248.62	47,268.76
LICENSEE DISTRIBUTION CENTRE	3,401,456.70	3,073,829.76	327,626.94
NORTH RUSTICO	1,159,930.56	1,119,819.59	40,110.97
O'LEARY	788,927.20	717,958.23	70,968.97
ROYALTY MALL	5,368,253.13	5,008,654.65	359,598.48
SHERBROOKE	3,400,609.06	3,127,268.76	273,340.30
SOURIS	1,528,880.81	1,475,599.65	53,281.16
SUMMERSIDE	2,097,045.03	2,076,503.79	20,541.24
TIGNISH	997 331.60	987,719.19	9,612.41
TOWERS	3,628,804.87	3,383,653.87	245,151.00
WAREHOUSE	117,438.26	50,490.81	66,947.47
	$31,226,717.35	$29,396,533.11	$1,830,184.24

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

SUMMARY OF PROFIT AND EXPENSE RATIOS (IN 000's)

For the Years Ended 1980 - 1984

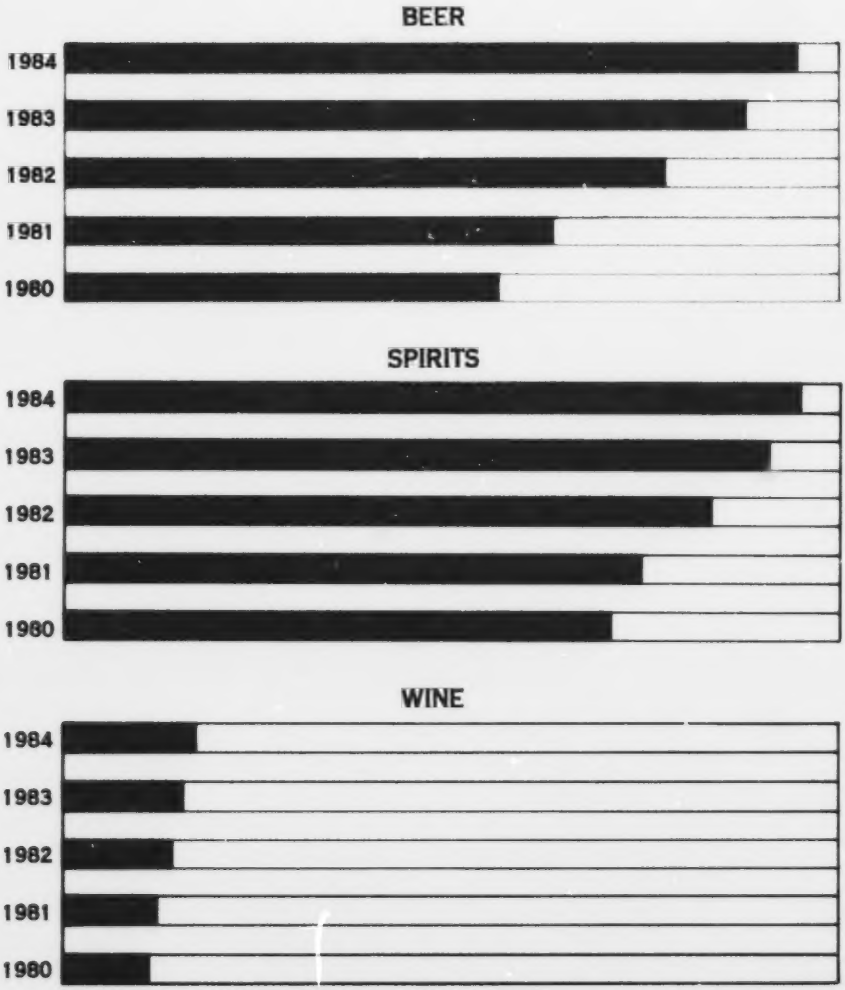
	1980	1981	1982*	1983	1984
SALES	27,603	29,922	35,073	38,904	41,303
GROSS PROFIT	9,783	10,358	10,453	11,411	12,102
NET PROFIT	7,507	7,820	7,313	7,906	8,385
GENERAL AND ADMINISTRATIVE EXPENSES	2,396	2,697	3,315	3,676	3,914
GROSS PROFIT AS % OF SALES	35.4	34.6	29.8	29.3	29.3
NET PROFIT AS % OF SALES	27.2	26.1	20.9	20.3	20.3
GENERAL AND ADMINISTRATIVE EXPENSES AS % OF SALES	8.7	9.0	9.0	9.4	9.5

* PROVINCIAL HEALTH TAX CHANGE

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

RETAIL VALUES OF LIQUOR SOLD IN P. E. I.

(For The Years 1980-1984)



COMPARATIVE STATEMENT

	Gross Sales	Health Tax	Sales Tax	Gross Profit	Net Profit
1962	4,837,640	422,194	193,506	1,559,338	1,423,083
1963	4,998,654	436,246	199,946	1,586,532	1,439,837
1964	5,381,463	466,079	265,593	1,679,073	1,524,410
1965	5,975,134	516,034	298,757	1,925,402	1,730,387
1966	6,570,884	567,485	328,544	2,111,001	1,855,305
1967	7,273,136	628,136	363,659	2,330,301	2,025,426
1968	8,190,658	707,375	409,533	2,703,928	2,332,440
1969	9,038,301	780,581	451,915	3,000,284	2,606,209
1970	9,738,688	825,960	653,127	3,239,826	2,806,100
1971	10,639,885	899,554	744,792	3,554,861	3 056,251
1972	11,912,815	995,573	952,287	4,030,737	3,471,592
1973	13,614,618	1,137,732	1,088,265	4,701,365	3,981,712
1974	15,682,662	1,311,641	1,254,613	5,439,631	4,474,827
1975	17,977,409	1,503,565	1,438,193	6,138,729	4,985,202
1976	21,371,136	1,787,404	1,709,691	7,240,505	5,767,823
1977	21,620,540	1,843,287	1,344,387	7,466,755	5,793,464
1978	24,287,799	2,005,822	1,500,260	8,366,564	6,482,257
1979	25,258,836	2,156,123	1,541.483	8,716,321	6,688.570
1980	27,602,661	2,354,594	1,702,124	9,783,207	7,506,780
1981	29,922,380	2,662,073	2,055,181**	10,358,624	7,819,513
1982	35,072,507	6,120,627	2,440,237	10,452,764	7,313,442
1983	38,904,314	6,819,570	2,688,211	11,410,630	7,906,428
1984	41,303,258	7,249,723	2,826,817	12,101,846	8,385,392

** NOTE: PROVINCIAL HEALTH TAX INCREASED FROM 10 - 25% MARCH 13/81

LICENSES IN EFFECT AS OF MARCH 31, 1984

AND COMPARISON WITH 1983

		1984	1983
1.	MILITARY CANTEEN LICENSES	24	24
2.	CLUBS	70	68

CLUB LICENSES WERE GRANTED TO:

East Royalty Lions Club

Basilica Recreation and Social Club

3.	**DINING ROOMS AND LOUNGES:**		
	A. Dining Rooms	106	96
	B. Lounges	49	45

DINING ROOM LICENSES WERE GRANTED TO:

Broadview Properties Inc.
Netherston Inn Ltd.
Parkdale Seafood Restaurant
Sea Star Family Restaurant
Dutch Inn Ltd.
Ann's Other Place
New Glasgow Lobster Suppers
Cabot's Reach Restaurant
Ferryview Dairy Bar
Off Broadway Cafe
Prince Edward Convention Centre
Regent Holdings Ltd.
Blue Goose Restaurant
The Pines Motel

LOUNGE LICENSES WERE GRANTED TO:

	1984	1983
Prince Edward Convention Centre		
Mom's Family Restaurant		
Ann's Other Place		
Regent Holdings Ltd.		
The Pines Motel		
Broadview Properties Inc.		

LICENSES VOLUNTARILY SURRENDERED:

Dining Rooms	4	3
1. Cascade		
2. Brackley Beach Lobster Suppers		
3. Cafe Europa		
4. Rivendale Ltd.		
Lounges	2	2
1. Cascade		
2. Rivendale Ltd.		
Clubs	0	5

SUMMARY

Clubs	70	68
Military Canteens	24	24
Dining Rooms	106	96
Lounges	49	45
TOTAL	249	233

AUDITOR'S REPORT

To the Commissioners of the

P.E.I. Liquor Control Commission

I have examined the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 1984 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. KAPTEIN, C.A.

Auditor General

Charlottetown, Prince Edward Island
June 13, 1984

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

MARCH 31, 1984

(with comparative figures at March 31, 1983)

ASSETS

CURRENT ASSETS

	1984	1983
Cash	$ 164,291	$ 340,088
Accounts receivable	25,674	11,070
Inventories — note 1 (b)	2,341,097	2,328,676
Prepaid expenses	18,571	34,310
	2,549,633	2,714,144

FIXED ASSETS

Land — cost		103,979		103,979
Building — cost	2,693,348		2,689,381	
Less: Accumulated Depreciation—Note 1 (a)	1,055,762	1,637,586	918,903	1,770,478
Equipment — cost	428,085		405,394	
Less: Accumulated Depreciation—note 1 (a)	356,841	71,244	317,180	88,214
Leasehold Improvements — cost	262,139		262,139	
Less: Accumulated Amortization—Note 1 (a)	199,169	62,970	187,948	74,191
		1,875,779		2,036,862
		$4,425,412		$4,751,006

STATEMENT 1 (Continued)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

MARCH 31, 1984

(With comparative figures at March 31, 1983)

LIABILITIES

CURRENT LIABILITIES				
Trade accounts payable		$ 473,854		$ 652,259
Accounts payable—other		146,390		186,341
Accrued salaries and employees' benefits		—		21,045
Accrued interest		47,248		51,256
Deferred revenue		5,169		2,783
Debentures payable — Province of P.E.I. — current portion — Note 3		59,905		52,505
Due to the Minister of Finance — Note 1 (c)		1,876,972		1,800,460
		2,609,538		2,766,649
LONG TERM LIABILITIES				
Due to the Minister of Finance in respect of net fixed assets—Note 1 (c)		1,153,102		1,261,681
Debentures payable—Province of P.E.I. — Note 3	722,677		775,181	
Less: Current Portion	59,905	662,772	52,505	722,676
		1,815,874		1,984,357
		$4,425,412		$4,751,006

(Notes 1 to 4 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: A. B. WOOD
COMMISSIONER: WYLIE BARRETT

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1984

(with comparative figures for the year ended March 31, 1983)

	1984		1983	
SALES		$41,303,258		$38,904,314
Less: Provincial Health Tax	$ 7,249,723		$ 6,819,571	
Provincial Sales Tax	2,826,817	10,076,540	2,688,211	9,507,782
NET SALES		31,226,718		29,396,532
COST OF GOODS SOLD				
Beginning Inventory	2,328,676		2,250,384	
Purchases	19,137,293		18,064,194	
	21,465,969		20,314,578	
Ending Inventory	2,341,097	19,124,872	2,328,676	17,985,902
GROSS INCOME		12,101,846		11,410,630
EXPENSES				
Salaries and employee benefits	2,727,557		2,477,055	
Heat, light and power	222,320		222,478	
Depreciation	202,840		228,551	
Rent — Note 2	168,727		169,240	
Store supplies and office expense	131,599		126,621	
Interest on long term debt	107,910		115,439	
Insurance and taxes	99,876		95,341	
Repairs and maintenance	79,974		76,322	
Travel	67,243		68,144	
Telephone and telegraph	33,891		28,515	
Professional services	25,110		15,301	
Miscellaneous	18,910		17,938	
Delivery	14,597		15,439	
Computer Services	14,356	3,914,910	20,568	3,675,952
		8,186,936		7,734,678
OTHER INCOME		198,456		171,750
NET INCOME — Note 1 (c)		$8,385,392		$7,906,428

(Notes 1 to 3 are an integral part of these financial statements)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1984

1. **Summary of significant accounting policies**

   (a) **Depreciation and Amortization** —

   Depreciation of buildings, furniture and equipment and amortization of leasehold improvements are calculated on a straight-line basis. This basis represents the estimated useful life of the buildings, furniture and equipment and the terms of the leases.

   (b) **Inventories** —

   Inventories are valued at cost based on the latest invoice price.

   (c) **Net Income** —

   All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Consolidated Fund on a continuing basis as excess cash becomes available. Any funds received from operations which are used to finance net additions to fixed assets are withheld by the Commission and treated as long term loans from the Province.

2. The Prince Edward Island Liquor Control Commission leases 5 retail outlets. As of April 1, 1984, all of these retail outlets have written lease agreements and the maturity dates for these leases are between 1986 and 1994. The written leases have a total basic yearly rent of approximately $156,000.

3. Debentures Payable

	Balance March 31, 1984	Less Current Portion	Long Term Liability
Licensee Distribution Centre			
Repayable in equal annual installments of $757,764 including interest @ 12.5% per annum, maturing November 1, 1990	$340,301	$33,226	$307,075
North Rustico			
Repayable in equal annual installments of $64,295 including interest @ 15.5% per annum, maturing September 1, 1991	283,805	20,305	263,500
Kensington			
Repayable in equal annual installments of $24,363 including interest @ 18% per annum, maturing January 1, 1992	98,571	6,374	92,197
	$722,677	$59,905	$662,772